

**REMARKS**

In response to the Office Action mailed 16 October 2009, the Applicants request the Examiner to enter the above amendments and reconsider the above-captioned application in view of the above amendments and the following comments.

In the Office Action, Claims 1-11 and 18-38 were pending. By this paper, Claims 29-38 have been amended. Claims 1-11 and 18-38 remain pending in this application. In view of the following remarks, Applicant requests further examination and reconsideration of the present patent application.

**Response to Objections**

The Examiner has objected to Claims 29-38 because they recited a method, but depended from an independent claim (Claim 28) which was drawn to a computer storage device. The Applicants have amended the preamble of Claims 29-38 to properly recite a “device”, consistent with independent Claim 28, from which they all ultimately depend. With this amendment, the Applicants submit that these claims are appropriately drawn, and therefore request that the object to Claims 29-38 as amended be withdrawn.

**Response to Rejection under 37 U.S.C. §102**

The Examiner has rejected independent Claims 1, 18, and 28, as well as those claims which depend from these independent claims, as being anticipated by U.S. Patent Application Publication Number 2002/0198822 to Munoz et al. (hereinafter “Munoz”). However, Claims 1, 18 and 28 each contain elements not recited by Munoz, and the features of the claims which depend from these claims recite further elements not found within Greenwood, as will be discussed below. The Applicants therefore submit that Munoz does not anticipate any of the pending claims, as amended.

Independent Claim 1 recites a computer storage device tangibly embodying a program of instructions to execute a method for estimating an optimal price of a financial product which includes, in part, “wherein the plurality of price parameters comprise a

*price conversion probability* measure and a business measure parameter associated with the financial product" (emphasis added).

Independent Claim 18 recites a system for estimating an optimal price of a financial product which includes, in part, generating a structured data file that includes a plurality of price parameters related to the financial product and "wherein the plurality of price parameters comprise a *price conversion probability* measure and a business measure parameter associated with the financial product" (emphasis added).

Independent Claim 28 recites a computer storage device tangibly embodying a program of instructions to execute a method to enable a user to view information related to estimating an optimal price associated with a financial product which includes, in part "displaying an output screen for permitting the user to view the optimal price associated with the financial product, wherein the optimal price is estimated based on the plurality of attributes, the plurality of price parameters, the *price conversion probability* measure and the business measure parameter specified by the user" (emphasis added).

As can be seen, each of these independent claims includes an estimate of a price of the financial product that is based upon a calculation using, among other things, a *price conversion probability* measure. This *price conversion probability* measure is not found in Munoz, as will be discussed in greater detail below.

The Examiner has indicated that such a feature is taught by Munoz, and cites generally to the abstract, paragraph 0025, paragraphs 0045-50, and Figures 3, 5 and 7 for the elements that include the use of the *price conversion probability* measure associated with the financial product being priced. However, a *price conversion probability* measure is not found in any of these locations within Munoz, nor is it even suggested. A *price conversion probability* measure represents a factor that is neither taught nor suggested in Munoz, and in fact, is not relevant to the processes and systems described in Munoz.

The Applicants discuss the meaning of the term "price conversion probability" beginning in paragraph 0026 of the instant specification:

In accordance with one embodiment, the *price conversion probability* measure is a measure of a propensity of response to a price or selling rate associated with the

financial product. That is, the price conversion probability measure is a function of the demand associated with a particular price related to the financial product. [emphasis added]

The Applicants note that the price conversion probability represents a measure of the response of a consumer to an offer of a financial product at a given price point. This is a measure of the demand elasticity with regard to price for a given financial product. This factor captures a relationship between valuation of the financial product by a consumer (i.e., the price the consumer is willing to pay) and a particular price at which the offeror might sell the financial product to the consumer. The relationship between these two factors (how different members of the consuming public value a given product and the price the offeror is willing to accept for such a product) establish the amount of demand for the financial product at a given price point, and the variation in that demand on the basis of changes in the price offered by the offeror. This is discussed in greater detail in paragraph 0027-0034 of the Applicants' specification.

The amount of demand at a given price point effects how many of a given financial product can be expected to be sold if offered at a particular price. This price conversion probability measure is a reflection of the quantity of product that will be sold. It does not represent the profitability of the financial product if sold at that price.

By contrast, all of the cited portions of Munoz (and in fact, the entire Munoz reference), is dedicated to the determination of whether or not a given financial product is likely to be profitable to the offeror at a given price. This can be seen in the abstract, which discusses "evaluating an application for a financial product" on the basis of expected loss data established by profiling the customer's likelihood of causing a default or other loss that might effect the return on this particular sale. Note that no discussion of the desirability of this financial product to the applicant (or a larger body of customers) on the basis of price variation is considered. This process is limited to responding to a particular application and determining what price is expected to bring profit on this

specific application. The likelihood of acceptance of the offer is not considered; no conversion probability can therefore be taught.

Similarly, paragraph 0025 given more details related to responding to a particular application for a financial product. "In particular, the ROI calculated is based on the expected net income (NI) and the annualized net investment (ANI) is calculated, taking into account the gross loss severity calculated at 14." (Munoz, page 2, paragraph 0025, lines 3-6.) The "gross loss severity" is based on (see paragraph 0024, lines 4-5) "the particular applicant and for the particular financial product requested. Once again, these calculations are based on determining whether or not a single application for a financial product is expected to be *profitable* based upon the *risk* characteristics of the applicant, not based on the desire of the applicant pool at a given price point. The likelihood of the applicant accepting (or of the variation in the acceptance rate of the applicant pool based on price) is not considered. Therefore, no price conversion probability is taught.

In the same manner, the discussions in paragraph 0045-0050 are also directed to the pricing of a financial product in response to a specific application request by a consumer on the basis of the risk of loss if such an application is accepted, rather than based on any considerations of whether or not the financial product is acceptable to the consumer (that is, on the basis of the price conversion probability). For instance, paragraph 0045 of Munoz states that information to evaluate the application is based upon the applicant identifier, applicants information, applicants collateral, applicants credit, and other information based on the individual applicant. Details on each of these aspects of the applicant's suitability for *receiving* credit is discussed in paragraph 0046-0050, but no discussion of the likelihood of the *applicant* accepting an offer at a given price is considered. The entire discussion is about the pricing based on the risk to the offeror, not the effect that the pricing has on the demand by the applicant/consumer.

Finally, Figures 3, 5 and 7 include various portions of a system that is specifically designed to determine whether or not to grant credit at a given level to a customer in response to an application on the basis of information about the risk of serving this particular customer. Figure 3 shows a general purpose computer system that includes information about various sources, such as the information on the consumer's application (reference number 300) and loss estimates (reference number 500), both of which are directed at the risk presented by the particular applicant. Similarly, Figure 5 shows a series of particular tiers of information related to the required attributes of a consumer in order to be considered acceptable risks for various financial products. These attributes (FICO scores, payment/income ratios) characterize the *risk* of the customer, not his likelihood of accepting any offer made. Finally, Figure 7 describes an overview of the flow through the main process which is designed strictly around the expected losses based on *risk* factors, such as credit worthiness models (604), product tiers (606), and loss models (614). In none of these Figures is any estimate, calculation, or implication made that any measure of the likelihood of the customer accepting a given offer is contemplated or used.

A feature such as a price conversion probability is absent from the entire Munoz disclosure; Munoz is focused on the *risk* associated with individual customers, not with their willingness to buy at given price points. So while pricing (in the sense of whether or not a given product is expensive enough to justify the risk for a given customer application) is addressed in Munoz, that pricing does not take into account the demand elasticity or the likelihood of acceptance of any particular offer based upon its price. In short, Munoz is directed to the process of guaranteeing a minimum acceptable price for approval of a loan based on the risk of an applicant, while the use of a

price conversion probability measure is for systems that are trying to determine an optimum price in light of acceptance rates for differing prices.

Because Munoz does not include any use of a price conversion probability in any of its described systems or methods, Munoz cannot anticipate independent Claims 1, 18 or 28. Because all rejected claims depend from one of these independent Claims, the Applicants submit that the rejection of all pending claims as anticipated by Munoz is inappropriate and request that the Examiner withdraw this rejection from the pending claims as amended herein.

In light of these amendments and arguments, the Applicants submit that Claims 1-11 and 18-39 have no further applicable rejections and therefore request that the Examiner pass these claims to allowance. If other minor issues remain unresolved, the Examiner is invited to telephone the Applicant's counsel at the number provided below. Any additional fees for the accompanying response are hereby petitioned for, and the Director is authorized to charge such fees as may be required to Deposit Account 07-0868.

Respectfully submitted,

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